

CASE LOMBARDI & PETTIT
A LAW CORPORATION

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SIEMENS FINANCIAL SERVICES, INC.

IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF HAWAII

In re:

CHA Hawaii, LLC, et al.¹,
Debtors.

CASE NO. 08-01369
(Chapter 11)

DATE: April 5, 2010
TIME: 9:30 a.m.
JUDGE: Hon. Robert J. Faris

Related Document: 1141, 1160

**SIEMENS FINANCIAL SERVICES, INC.'S
JOINDER IN ST. FRANCIS HEALTHCARE SYSTEM OF
HAWAII'S, ST. FRANCIS MEDICAL CENTER'S AND
ST. FRANCIS MEDICAL CENTER – WEST'S OBJECTION TO**

¹ The Debtors are: CHA Hawaii, LLC, a Delaware limited liability company (Tax No. xx-xxx7186) ("CHA"); Hawaii Medical Center LLC, a Hawaii limited liability company (Tax No. xx-xxx9838) ("Center"); Hawaii Medical Center East, LLC, a Hawaii limited liability company (Tax No. xx-xxx8670) ("East"); and Hawaii Medical Center West, LLC, a Hawaii limited liability company (Tax No. xx-xxx8672) ("West"). Center, East and West shall hereinafter be referred to as the "Borrowers"; Borrower and CHA shall hereinafter be referred to as the "Debtors"). The address of CHA is 9342 E. Central Avenue, Wichita, KS 67206.

**JOINT MOTION FOR THE ENTRY OF AN ORDER PURSUANT TO 11
U.S.C. § 105, 363(b) AND 503(b) AUTHORIZING PAYMENT OF FEES
AND EXPENSES FOR PROSPECTIVE EXIT FINANCING LENDER**

Siemens Financial Services, Inc. ("Siemens"), by and through its undersigned counsel, hereby files its Joinder in the St. Francis Healthcare of Hawaii's, St. Francis Medical Center's and St. Francis Medical Center – West's Objection to Joint Motion for the Entry of an Order Pursuant to 11 U.S.C. § 105, 363(b) and 503(b) Authorizing Payment of Fees and Expenses for Prospective Exit Financing Lender filed herein on April 4, 2010 as Docket No. 1160. Siemens also objects to the Motion on the following grounds:

1. The Joint Plan proposed by the Debtors, Committee and Hawaii Physicians Group does not pay off Siemens in full and retire all obligations owed to Siemens. The Joint Plan, section 3.2, page 18, merely states that "The Siemens Secured Lender Claim shall be Allowed and paid in full in Cash on the Effective Date by the Reorganized Debtors." This Joint Plan provision does not address potential debt arising out of a letter of credit. To secure obligations owed to the State of Hawaii Department of Labor and Industrial Relations ("Beneficiary") in accordance with applicable Hawaii Workers Compensation laws, the Debtors procured a \$2,000,000 letter of credit (the "L/C") issued by The Royal Bank of Scotland ("RBS").

The expiry date of the L/C is December 31, 2011. Although issued by RBS, the L/C was procured in accordance with the Loan Agreement between the Debtor and Siemens. Thus, if the L/C were drawn, it would increase the amounts owing to Siemens by an additional \$2 million. It is Siemens' position that, as part of any confirmed Plan, the Joint Plan Proponents must either (i) cause a replacement letter of credit to be issued in favor of the Beneficiary, thus allowing the L/C to be canceled; or (ii) the L/C must be fully collateralized by a cash deposit. The Court should consider this defect in the Joint Plan in reviewing the motion to approve due diligence fees.

2. Siemens is very concerned about the cash flow issues confronting the Debtors' operations. Siemens recently requested a pay down of \$500,000 in connection with the 17th Agreed Cash Collateral Order but reluctantly agreed to a \$250,000 pay down due to concerns regarding the Debtors' lack of liquidity. Now the Debtors propose that \$75,000 of cash collateral be used to pay due diligence fees, further reducing cash flow and the cash available to pay Siemens.

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3. Siemens reserves the right to assert additional and supplemental objections to the Motion.

DATED: Honolulu, Hawaii, April 5, 2010

/s/ Ted N. Pettit
TED N. PETTIT
Attorney for Creditor
SIEMENS FINANCIAL SERVICES, INC.